

REFERENCE TITLE: taxpayer bill of rights

State of Arizona
House of Representatives
Forty-seventh Legislature
Second Regular Session
2006

HCR 2022

Introduced by
Representatives Pearce, Murphy, Rosati, Senators Harper, Martin:
Representatives Biggs, Boone, Burges, Gray C, Groe, Nichols, Pierce,
Stump, Senators Blendu, Burns, Gould, Johnson

A CONCURRENT RESOLUTION

PROPOSING AN AMENDMENT TO THE CONSTITUTION OF ARIZONA; AMENDING ARTICLE IX,
SECTION 17, CONSTITUTION OF ARIZONA; RELATING TO PUBLIC DEBT, REVENUE, AND
TAXATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it resolved by the House of Representatives of the State of Arizona, the
2 Senate concurring:

3 1. Article IX, section 17, Constitution of Arizona, is proposed to be
4 amended as follows if approved by the voters and on proclamation of the
5 Governor:

6 17. Economic estimates commission: limitation on
7 annual increase in state revenues; limitation
8 on appropriation of state revenues; local
9 revenue and expenditure limitations; definition
10 of state revenues

11 Section 17. ~~(1) A. The economic estimates commission~~
12 ~~shall be established by law, with a membership of not to exceed~~
13 ~~three members. , and shall determine and publish prior to~~
14 ~~February 1 of each year the estimated total personal income for~~
15 ~~the following fiscal year. By April 1 of each year the~~
16 ~~commission shall determine and publish a final estimate of the~~
17 ~~total personal income for the following fiscal year, which~~
18 ~~estimate shall be used in computing the appropriations limit for~~
19 ~~the legislature. For the purposes of this section, "total~~
20 ~~personal income" means the dollar amount that will be reported~~
21 ~~as total income by persons for the state of Arizona by the U. S.~~
22 ~~department of commerce or its successor agency.~~

23 B. THE ECONOMIC ESTIMATES COMMISSION SHALL DETERMINE AND
24 PUBLISH:

25 1. BEFORE FEBRUARY 1 OF EACH YEAR:

26 (a) THE ACTUAL AMOUNT OF STATE REVENUES IN THE PRECEDING
27 FISCAL YEAR.

28 (b) PRELIMINARY ESTIMATES OF THE MAXIMUM AMOUNT OF STATE
29 REVENUES ALLOWABLE UNDER THIS SECTION FOR THE CURRENT FISCAL
30 YEAR AND FOR THE IMMEDIATELY FOLLOWING FISCAL YEAR.

31 2. BY APRIL 1 OF EACH YEAR FINAL ESTIMATES OF THE MAXIMUM
32 AMOUNT OF STATE REVENUES ALLOWABLE UNDER THIS SECTION FOR THE
33 CURRENT FISCAL YEAR AND FOR THE IMMEDIATELY FOLLOWING FISCAL
34 YEAR. THE FINAL ESTIMATES SHALL BE USED IN COMPUTING THE
35 REVENUE LIMITATION UNDER THIS SECTION FOR THE CURRENT AND
36 FOLLOWING FISCAL YEARS AND THE APPROPRIATION LIMITATION UNDER
37 THIS SECTION FOR THE FOLLOWING FISCAL YEAR.

38 C. FOR FISCAL YEAR 2007-2008 AND FOR EACH FISCAL YEAR
39 THEREAFTER, THE MAXIMUM AMOUNT OF STATE REVENUES FOR THE FISCAL
40 YEAR SHALL NOT EXCEED THE MAXIMUM ALLOWABLE AMOUNT OF STATE
41 REVENUES UNDER THIS SECTION FOR THE PRECEDING FISCAL YEAR, OR
42 THE ACTUAL AMOUNT OF STATE REVENUES IN THE PRECEDING FISCAL
43 YEAR, WHICHEVER IS GREATER, ADJUSTED FOR REVENUE CHANGES
44 APPROVED BY THE VOTERS AS REQUIRED BY SECTION 24 OF THIS ARTICLE
45 AND, AS PROVIDED BY SUBSECTION D OF THIS SECTION, FOR ANNUAL

1 CHANGES IN THE POPULATION OF THIS STATE AND IN THE COST OF
2 LIVING.

3 D. THE MAXIMUM ALLOWABLE AMOUNT OF STATE REVENUES FOR A
4 FISCAL YEAR IS THE SUM OF THE FOLLOWING:

5 1. THE MAXIMUM ALLOWABLE AMOUNT OF STATE REVENUES FOR THE
6 PRECEDING FISCAL YEAR, OR THE ACTUAL AMOUNT OF STATE REVENUES IN
7 THE PRECEDING FISCAL YEAR, WHICHEVER IS LESS. FOR THE PURPOSES
8 OF COMPUTING THE MAXIMUM ALLOWABLE AMOUNT OF STATE REVENUES FOR
9 FISCAL YEAR 2007-2008, THE ECONOMIC ESTIMATES COMMISSION SHALL
10 USE THE ACTUAL AMOUNT OF STATE REVENUES FOR FISCAL YEAR
11 2006-2007 AS THIS BASE AMOUNT.

12 2. THE MAXIMUM ALLOWABLE AMOUNT OF STATE REVENUES FOR THE
13 PRECEDING FISCAL YEAR, OR THE ACTUAL AMOUNT OF STATE REVENUES IN
14 THE PRECEDING FISCAL YEAR, WHICHEVER IS LESS, MULTIPLIED BY THE
15 POSITIVE OR NEGATIVE PERCENTAGE CHANGE FOR THE MOST RECENT
16 AVAILABLE TWELVE MONTH PERIOD IN THE POPULATION OF THIS
17 STATE. FOR THE PURPOSES OF THIS PARAGRAPH, THE ECONOMIC
18 ESTIMATES COMMISSION SHALL DETERMINE THE POPULATION OF THIS
19 STATE BY USING ONLY THE MOST RECENT DATA FROM THE UNITED STATES
20 DECENNIAL CENSUS OR ONLY THE AVERAGE OF THE ANNUAL REVISIONS OF
21 POPULATION DATA BY THE DEPARTMENT OF ECONOMIC SECURITY, OR ITS
22 SUCCESSOR, AND DEMOGRAPHIC PUBLICATIONS OF STATE UNIVERSITIES.

23 3. THE MAXIMUM ALLOWABLE AMOUNT OF STATE REVENUES FOR THE
24 PRECEDING FISCAL YEAR, OR THE ACTUAL AMOUNT OF STATE REVENUES IN
25 THE PRECEDING FISCAL YEAR, WHICHEVER IS LESS, MULTIPLIED BY THE
26 POSITIVE OR NEGATIVE PERCENTAGE CHANGE FOR THE MOST RECENT
27 AVAILABLE TWELVE MONTH PERIOD IN THE COST OF LIVING. FOR THE
28 PURPOSES OF THIS PARAGRAPH, THE ECONOMIC ESTIMATES COMMISSION
29 SHALL DETERMINE THE COST OF LIVING BY USING ONLY THE IMPLICIT
30 PRICE DEFLATOR FOR THE GROSS DOMESTIC PRODUCT OR THE GROSS STATE
31 PRODUCT FOR ARIZONA, WHICHEVER INDEX IS GREATER, OR A SUCCESSOR
32 INDEX, AS REPORTED BY THE RESPONSIBLE AGENCY OF THE UNITED
33 STATES GOVERNMENT. THE ECONOMIC ESTIMATES COMMISSION MAY TAKE
34 INTO ACCOUNT MINOR TECHNICAL ADJUSTMENTS TO THE INDEX THAT ARE
35 MADE OCCASIONALLY BY THE UNITED STATES GOVERNMENT.

36 E. IF STATE REVENUE COLLECTIONS IN ANY FISCAL YEAR EXCEED
37 THE MAXIMUM ALLOWABLE AMOUNT UNDER THIS SECTION FOR THAT FISCAL
38 YEAR:

39 1. ALL OF THE EXCESS REVENUES SHALL BE PAID AS A REFUND
40 TO PERSONS WHO FILED INDIVIDUAL INCOME TAX RETURNS IN THAT
41 FISCAL YEAR, EXCEPT AS PROVIDED IN PARAGRAPH 2, 3 OR 4 OF THIS
42 SUBSECTION. REFUNDS UNDER THIS PARAGRAPH MUST BE PAID IN A
43 MANNER PRESCRIBED BY LAW WITHIN FOUR MONTHS AFTER THE END OF THE
44 FISCAL YEAR. AN APPROPRIATION ACT IS NOT NECESSARY TO AUTHORIZE
45 PAYMENT OF REFUNDS UNDER THIS PARAGRAPH. THE LEGISLATURE MAY

LIMIT REFUNDS UNDER THIS PARAGRAPH TO AMOUNTS OF TEN DOLLARS OR MORE, AND ANY MONIES NOT REFUNDED DUE TO THIS LIMIT SHALL BE CREDITED TO THE BUDGET STABILIZATION FUND IN THE MANNER PRESCRIBED BY PARAGRAPH 2 OF THIS SUBSECTION.

2. IN LIEU OF PAYING REFUNDS UNDER PARAGRAPH 1 OF THIS SUBSECTION, THE LEGISLATURE MAY ELECT TO CREDIT ALL OR PART OF THE SURPLUS REVENUE TO A STATE BUDGET STABILIZATION FUND. AN ELECTION TO CREDIT SURPLUS STATE REVENUE TO THE BUDGET STABILIZATION FUND MUST BE ENACTED AS A BILL APPROPRIATING A LUMP SUM OF STATE REVENUE TO THE FUND IN THE CURRENT FISCAL YEAR IN LIEU OF REFUNDING THAT AMOUNT PURSUANT TO PARAGRAPH 1 OF THIS SUBSECTION, AND CONTAINING NO OTHER APPROPRIATION, CONDITION, MATTER, SUBJECT OR ISSUE. EXCEPT AS PROVIDED IN PARAGRAPH 3 OF THIS SUBSECTION, ANY AMOUNT OF THE SURPLUS STATE REVENUE NOT APPROPRIATED TO THE FUND SHALL BE REFUNDED PURSUANT TO PARAGRAPH 1 OF THIS SUBSECTION. THE BUDGET STABILIZATION FUND SHALL NOT EXCEED IN ANY FISCAL YEAR AN AMOUNT EQUAL TO 9.8% OF THE MAXIMUM ALLOWABLE AMOUNT OF STATE REVENUES FOR THAT YEAR. THE LEGISLATURE MAY APPROPRIATE MONIES FROM THE BUDGET STABILIZATION FUND ONLY IN THE FOLLOWING CIRCUMSTANCES:

(a) IN A FISCAL YEAR IN WHICH STATE REVENUES FAILED TO INCREASE ABOVE THE PRECEDING FISCAL YEAR AT A RATE AT LEAST EQUAL TO THE ANNUAL CHANGE IN THE POPULATION OF THIS STATE AND IN THE COST OF LIVING, AS DETERMINED PURSUANT TO SUBSECTION B OF THIS SECTION.

(b) FOR DECLARED EMERGENCIES AND ON THE AFFIRMATIVE VOTE OF AT LEAST TWO-THIRDS OF THE MEMBERS OF EACH HOUSE OF THE LEGISLATURE, WITH THE APPROVAL OF THE GOVERNOR OR, IF THE GOVERNOR VETOES THE MEASURE, ON THE AFFIRMATIVE VOTE OF AT LEAST THREE-FOURTHS OF THE MEMBERS OF EACH HOUSE OF THE LEGISLATURE. MONIES APPROPRIATED PURSUANT TO THIS SUBDIVISION:

(i) MAY BE USED ONLY TO PAY CURRENT EXTRAORDINARY NONRECURRING EXPENSES THAT COULD NOT HAVE BEEN REASONABLY FORESEEN OR PREVENTED AND THAT ARE REQUIRED IMMEDIATELY TO PRESERVE THE HEALTH, SAFETY AND GENERAL WELFARE OF THE PEOPLE.

(ii) MAY NOT BE USED TO PAY THE ORDINARY COSTS OF ADMINISTERING, MAINTAINING OR OPERATING STATE GOVERNMENT OR TO MEET REVENUE OR BUDGET SHORTFALLS OF STATE GOVERNMENT.

3. IN LIEU OF PAYING REFUNDS UNDER PARAGRAPH 1 OF THIS SUBSECTION, IN THE CASE OF A DECLARED EMERGENCY AND BY A VOTE OF AT LEAST TWO-THIRDS OF THE MEMBERS OF EACH HOUSE OF THE LEGISLATURE WITH THE APPROVAL OF THE GOVERNOR OR, IF THE GOVERNOR VETOES THE MEASURE, ON THE AFFIRMATIVE VOTE OF AT LEAST THREE-FOURTHS OF THE MEMBERS OF EACH HOUSE OF THE LEGISLATURE, THE LEGISLATURE MAY ELECT TO APPROPRIATE ALL OR PART OF THE

1 SURPLUS REVENUE FOR THE SOLE PURPOSE OF PAYING THE EMERGENCY
2 COSTS INCURRED BY THE STATE. MONIES APPROPRIATED PURSUANT TO
3 THIS PARAGRAPH:

4 (a) MAY BE USED ONLY TO PAY CURRENT EXTRAORDINARY
5 NONRECURRING EXPENSES THAT COULD NOT HAVE BEEN REASONABLY
6 FORESEEN OR PREVENTED AND THAT ARE REQUIRED IMMEDIATELY TO
7 PRESERVE THE HEALTH, SAFETY AND GENERAL WELFARE OF THE PEOPLE.

8 (b) MAY NOT BE USED TO PAY THE ORDINARY COSTS OF
9 ADMINISTERING, MAINTAINING OR OPERATING STATE GOVERNMENT OR TO
10 MEET REVENUE OR BUDGET SHORTFALLS OF STATE GOVERNMENT.

11 4. IN LIEU OF PAYING REFUNDS UNDER PARAGRAPH 1 OF THIS
12 SUBSECTION, THE LEGISLATURE MAY APPLY ALL OR PART OF THE SURPLUS
13 REVENUE FOR THE PURPOSE OF FUNDING REDUCTIONS IN OR ELIMINATING
14 ANY STATE TAX LEVY IMPOSED PURSUANT TO SECTION 12 OF THIS
15 ARTICLE.

16 F. STATE REVENUES EXCEEDING THE AMOUNT AUTHORIZED
17 PURSUANT TO SUBSECTION D OF THIS SECTION MAY BE APPROVED AND
18 AUTHORIZED AS FOLLOWS:

19 1. ON APPROVAL BY THE QUALIFIED ELECTORS OF THIS STATE AT
20 A REGULAR STATEWIDE PRIMARY OR GENERAL ELECTION OR AT A SPECIAL
21 STATEWIDE ELECTION CALLED FOR THAT PURPOSE IN THE MANNER
22 PRESCRIBED BY LAW. THE APPROVAL BY THE ELECTORS UNDER THIS
23 PARAGRAPH MUST BE FOR A SPECIFIC AMOUNT IN EXCESS OF THE AMOUNT
24 AUTHORIZED PURSUANT TO SUBSECTION D OF THIS SECTION AND MUST
25 OCCUR BEFORE THE START OF THE FISCAL YEAR IN WHICH THE REVENUES
26 WILL BE RECEIVED. THE AUTHORIZED AMOUNT OF EXCESS REVENUES
27 UNDER THIS SUBSECTION DOES NOT AFFECT THE COMPUTATION OF THE
28 LIMITATION ON STATE REVENUES UNDER SUBSECTION D OF THIS SECTION
29 FOR ANY LATER FISCAL YEAR, EXCEPT THAT IF STATED IN THE
30 PROPOSITION, AND IF APPROVED BY AT LEAST THREE-FIFTHS OF THE
31 QUALIFIED ELECTORS VOTING ON THE PROPOSITION THE AUTHORIZED
32 AMOUNT OF EXCESS REVENUES UNDER THIS SUBSECTION SHALL INCREASE
33 THE LIMITATION ON STATE REVENUES UNDER SUBSECTION D OF THIS
34 SECTION FOR SUBSEQUENT FISCAL YEARS.

35 2. BY A VOTE OF AT LEAST TWO-THIRDS OF THE MEMBERS OF
36 EACH HOUSE OF THE LEGISLATURE WITH THE APPROVAL OF THE GOVERNOR
37 OR, IF THE GOVERNOR VETOES THE MEASURE, ON THE AFFIRMATIVE VOTE
38 OF AT LEAST THREE-FOURTHS OF THE MEMBERS OF EACH HOUSE OF THE
39 LEGISLATURE, THE LEGISLATURE MAY APPROVE AN AMOUNT OF STATE
40 REVENUES GREATER THAN THE AMOUNT AUTHORIZED PURSUANT TO
41 SUBSECTION D OF THIS SECTION. THE APPROVAL BY THE LEGISLATURE
42 UNDER THIS PARAGRAPH MUST OCCUR BEFORE THE START OF THE FISCAL
43 YEAR IN WHICH THE REVENUES WILL BE RECEIVED. THE AUTHORIZED
44 AMOUNT OF EXCESS REVENUES UNDER THIS SUBSECTION MAY INCREASE THE

1 LIMITATION ON STATE REVENUES UNDER SUBSECTION D OF THIS SECTION
2 FOR ONE OR MORE FISCAL YEARS.

3 G. IN ORDER TO PERMIT THE ASSUMPTION AND DEVOLUTION OF
4 GOVERNMENTAL FUNCTIONS AND RESPONSIBILITIES AMONG THE VARIOUS
5 LEVELS OF GOVERNMENT, AND CONSISTENT WITH THE PURPOSES OF THIS
6 SECTION, THE LEGISLATURE SHALL PROVIDE FOR ADJUSTING THE
7 LIMITATION ON STATE REVENUES UNDER SUBSECTION C OF THIS SECTION
8 CONSISTENT WITH THE FOLLOWING PRINCIPLES:

9 1. IF THE RESPONSIBILITY FOR FUNDING ALL OR PART OF THE
10 COST OF A GOVERNMENTAL FUNCTION OR PROGRAM IS TRANSFERRED FROM
11 THE STATE TO THE FEDERAL GOVERNMENT, A TRIBAL GOVERNMENT OR A
12 LOCAL LEVEL OF GOVERNMENT, THE LIMITATION ON STATE REVENUES
13 UNDER THIS SECTION SHALL BE COMMENSURATELY DECREASED.

14 2. IF THE RESPONSIBILITY FOR FUNDING ALL OR PART OF THE
15 COST OF A GOVERNMENTAL FUNCTION OR PROGRAM IS TRANSFERRED TO THE
16 STATE FROM THE FEDERAL GOVERNMENT, A TRIBAL GOVERNMENT OR A
17 LOCAL LEVEL OF GOVERNMENT, THE LIMITATION ON STATE REVENUES
18 UNDER THIS SECTION SHALL BE COMMENSURATELY INCREASED.

19 3. ANY ADJUSTMENT PURSUANT TO THIS SUBSECTION SHALL BE
20 MADE FOR THE FIRST FISCAL YEAR OF THE TRANSFER AND SHALL REMAIN
21 IN EFFECT UNTIL A SUBSEQUENT ADJUSTMENT.

22 4. EACH ACT PROVIDING FOR THE DEVOLUTION FROM OR
23 ASSUMPTION BY THE STATE OF THE RESPONSIBILITY FOR FUNDING ALL OR
24 PART OF THE COST OF A GOVERNMENTAL FUNCTION OR PROGRAM SHALL
25 INCLUDE A SEPARATE PROVISION DESCRIBING THE REQUIREMENTS OF THIS
26 SUBSECTION AND PROVIDING FOR THE INCREASE OR DECREASE IN THE
27 LIMITATION ON STATE REVENUES UNDER THIS SECTION.

28 H. FOR FISCAL YEAR 2007-2008 AND FOR EACH FISCAL YEAR
29 THEREAFTER, THE LEGISLATURE SHALL NOT APPROPRIATE STATE REVENUES
30 IN AN AMOUNT EXCEEDING NINETY-EIGHT PER CENT OF THE MAXIMUM
31 ALLOWABLE AMOUNT OF STATE REVENUES FOR THAT FISCAL YEAR. THE
32 REMAINING STATE REVENUES SHALL BE CARRIED FORWARD AND ARE
33 CONSIDERED TO BE STATE REVENUES IN THE FOLLOWING FISCAL YEAR FOR
34 THE PURPOSES OF COMPUTING THE LIMIT UNDER SUBSECTION C OF THIS
35 SECTION. THE AMOUNT APPROPRIATED BY THE LEGISLATURE IN ANY
36 FISCAL YEAR IS SUBJECT TO REDUCTION IF THE ACTUAL AMOUNT OF
37 STATE REVENUES IN THE PRECEDING FISCAL YEAR CAUSES A REDUCTION
38 IN THE MAXIMUM ALLOWABLE AMOUNT OF STATE REVENUES FOR THE
39 CURRENT FISCAL YEAR. FOR THE PURPOSES OF THIS SUBSECTION:

40 1. AN APPROPRIATION PRESUMPTIVELY INCLUDES:

41 (a) ANY AUTHORIZATION BY THE LEGISLATURE FOR THE
42 EXPENDITURE, DISTRIBUTION OR ALLOCATION OF MONIES BY THIS STATE,
43 WHETHER BY STATUTE OR AN INDIVIDUAL ENACTMENT OR PURSUANT TO A
44 FORMULAIC CALCULATION, INCLUDING CONTINUING APPROPRIATIONS.

45 (b) THE APPROPRIATION OF ALL STATE GENERAL FUND REVENUES.

1 2. AN APPROPRIATION DOES NOT INCLUDE THE USE OF THE
2 FOLLOWING REVENUE IN THE MANNER PRESCRIBED BY LAW:

3 (a) LICENSE TAX REVENUES AND HIGHWAY USER REVENUES THAT
4 ARE COLLECTED PURSUANT TO OR SUBJECT TO SECTIONS 11, 14, 15 AND
5 16 OF THIS ARTICLE.

6 (b) MONIES THAT ARE RECEIVED FROM THE UNITED STATES IF
7 THEY ARE NOT SUBJECT TO APPROPRIATION BY THE LEGISLATURE.

8 (c) STATE TAX REVENUES THAT ARE ACTUALLY REMITTED TO
9 CITIES, TOWNS AND COUNTIES FOR GENERAL, UNRESTRICTED MUNICIPAL
10 OR COUNTY USE IN A PERCENTAGE OF STATE TAX COLLECTIONS THAT DOES
11 NOT EXCEED THE PERCENTAGE AUTHORIZED FOR FISCAL YEAR 2007-2008.

12 (d) INCOME AND REVENUES THAT ARE DERIVED FROM STATE AND
13 SCHOOL LANDS HELD IN TRUST, AND PERMANENT FUNDS ESTABLISHED,
14 PURSUANT TO ARTICLE X.

15 (e) REVENUES DEPOSITED OR CREDITED TO FUNDS ESTABLISHED
16 WITH DEDICATED FUNDING SOURCES PURSUANT TO VOTER APPROVED
17 MEASURES.

18 3. THIS SUBSECTION DOES NOT APPLY TO EXPENDITURES TO PAY
19 PRINCIPAL, INTEREST AND REDEMPTION COSTS ON BONDED INDEBTEDNESS
20 AND OTHER LONG-TERM OBLIGATIONS ISSUED OR INCURRED BY THE STATE
21 BEFORE JANUARY 1, 2007.

22 I. NOTWITHSTANDING ARTICLE IV, PART 1, SECTION 1(6)(D):

23 1. IF A REDUCTION IN TOTAL APPROPRIATIONS FROM THE
24 IMMEDIATELY PRECEDING FISCAL YEAR IS REQUIRED TO COMPLY WITH THE
25 LIMIT ON APPROPRIATIONS UNDER SUBSECTION H OF THIS SECTION, THE
26 LEGISLATURE, BY A VOTE OF A MAJORITY OF THE MEMBERS OF EACH
27 HOUSE OF THE LEGISLATURE WITH THE APPROVAL OF THE GOVERNOR OR,
28 IF THE GOVERNOR VETOES THE MEASURE, ON THE AFFIRMATIVE VOTE OF
29 AT LEAST TWO-THIRDS OF THE MEMBERS OF EACH HOUSE OF THE
30 LEGISLATURE, MAY ADJUST THE APPROPRIATION REQUIRED BY INITIATIVE
31 OR REFERENDUM FOR SPECIFIC PURPOSES OR FUNDS.

32 2. IN THE CASE OF A DECLARED EMERGENCY, BY A VOTE OF AT
33 LEAST TWO-THIRDS OF THE MEMBERS OF EACH HOUSE OF THE LEGISLATURE
34 WITH THE APPROVAL OF THE GOVERNOR OR, IF THE GOVERNOR VETOES THE
35 MEASURE, ON THE AFFIRMATIVE VOTE OF AT LEAST THREE-FOURTHS OF
36 THE MEMBERS OF EACH HOUSE OF THE LEGISLATURE, THE LEGISLATURE
37 MAY ADJUST THE APPROPRIATION REQUIRED BY INITIATIVE OR
38 REFERENDUM FOR SPECIFIC PURPOSES OR FUNDS. FOR THE PURPOSES OF
39 THIS PARAGRAPH, EMERGENCY DOES NOT INCLUDE THE ORDINARY COSTS OF
40 ADMINISTERING, MAINTAINING OR OPERATING STATE GOVERNMENT OR
41 REVENUE OR BUDGET SHORTFALLS OF STATE GOVERNMENT.

42 3. AN ADJUSTMENT PURSUANT TO PARAGRAPH 1 OR 2 OF THIS
43 SUBSECTION OF MONIES APPROVED BY INITIATIVE OR REFERENDUM IS NOT
44 CONSIDERED TO BE AN APPROPRIATION OR DIVERSION OF FUNDS CREATED
45 OR ALLOCATED TO A SPECIFIC PURPOSE.

J. THE LEGISLATURE MAY PROVIDE FOR LIMITATIONS ON THE ANNUAL AMOUNT AND EXPENDITURES OF LOCAL REVENUES BY COUNTIES, CITIES, TOWNS, SCHOOL DISTRICTS, COMMUNITY COLLEGE DISTRICTS AND OTHER SPECIAL TAXING DISTRICTS, IN LIEU OF OR IN ADDITION TO THE LIMITATIONS PRESCRIBED BY SECTIONS 19, 20 AND 21 OF THIS ARTICLE.

~~(2)~~ K. For THE purposes of this section, "state revenues":

~~(a)~~ 1. ~~Include~~ INCLUDES all monies, revenues, fees, fines, penalties, funds, tuitions, property and receipts of any kind whatsoever received by or for the account of the state or any of its agencies, departments, offices, boards, commissions, authorities, councils and ~~insitutions~~ INSTITUTIONS except as provided in this subsection.

~~(b)~~ 2. ~~Do~~ DOES not include:

~~(i)~~ (a) Any amounts or property received from the issuance or incurrence of bonds or other lawful long-term obligations issued or incurred for a specific purpose. For the purpose of this subdivision long-term obligations shall not include warrants issued in the ordinary course of operation or registered for payment by the state.

~~(ii)~~ (b) Any amounts or property received as payment of dividends or interest.

~~(iii)~~ (c) Any amounts or property received by the state in the capacity of trustee, custodian or agent.

~~(iv)~~ (d) Any amounts received from employers for deposit in the unemployment compensation fund or any successor fund.

~~(v)~~ (e) Any amounts collected by the state for distribution to counties, cities and towns without specific restrictions on the use of the ~~funds~~ MONIES other than the restrictions included in section 14 of this article.

~~(vi)~~ (f) Any amounts received as grants, aid, contributions or gifts of any type, except voluntary contributions or other contributions received directly or indirectly in lieu of taxes.

~~(vii)~~ (g) Any amounts received as the proceeds from the sale, lease or redemption of property or as consideration for services or the use of property.

~~(viii)~~ (h) Any amounts received pursuant to a transfer during a fiscal year from another agency, department, office, board, commission, authority, council or institution of the state which were included as state revenues for such fiscal year or which are excluded from state revenue under other provisions of this subsection.

1 ~~(ix)~~ (i) Any amounts attributable to an increase in the
2 rates of tax subsequent to July 1, 1979 on vehicle users,
3 gasoline and diesel fuel which were levied on July 1, 1979.

4 ~~(x)~~ (j) Any amounts received during a fiscal year as
5 refunds, reimbursements or other recoveries of amounts
6 appropriated which were applied against the appropriation
7 limitation for such fiscal year or which were excluded from
8 state revenues under other provisions of this subsection.

9 ~~(3) The legislature shall not appropriate for any fiscal~~
10 ~~year state revenues in excess of seven per cent of the total~~
11 ~~personal income of the state for that fiscal year as determined~~
12 ~~by the economic estimates commission. The limitation may be~~
13 ~~exceeded upon affirmative vote of two-thirds of the membership~~
14 ~~of each house of the legislature on each measure that~~
15 ~~appropriates amounts in excess of the limitation. If the~~
16 ~~legislature authorizes a specific dollar amount of appropriation~~
17 ~~for more than one fiscal year, for the purpose of measuring such~~
18 ~~appropriation against the appropriation limitation, the entire~~
19 ~~amount appropriated shall be applied against the limitation in~~
20 ~~the first fiscal year during which any expenditures are~~
21 ~~authorized, and in no other fiscal year.~~

22 ~~(4) In order to permit the transference of governmental~~
23 ~~functions or funding responsibilities between the federal and~~
24 ~~state governments and between the state government and its~~
25 ~~political subdivisions without abridging the purpose of this~~
26 ~~section to limit state appropriations to a percentage of total~~
27 ~~personal income, the legislature shall provide for adjustments~~
28 ~~of the appropriation percentage limitation consistent with the~~
29 ~~following principles:~~

30 ~~(a) If the federal government assumes all or any part of~~
31 ~~the cost of providing a governmental function which the state~~
32 ~~previously funded in whole or in part, the appropriation~~
33 ~~limitation shall be commensurately decreased.~~

34 ~~(b) If the federal government requires the state to~~
35 ~~assume all or any part of the cost of providing a governmental~~
36 ~~function the appropriation limitation shall be commensurately~~
37 ~~increased.~~

38 ~~(c) If the state assumes all or any part of the cost of~~
39 ~~providing a governmental function and the state requires the~~
40 ~~political subdivision, which previously funded all or any part~~
41 ~~of the cost of the function to commensurately decrease its tax~~
42 ~~revenues, the appropriation percentage limitation shall be~~
43 ~~commensurately increased.~~

44 ~~(d) If a political subdivision assumes all or any part of~~
45 ~~the cost of providing a governmental function previously funded~~

1 ~~in whole or in part by the state, the appropriation percentage~~
2 ~~limitation shall be commensurately decreased.~~

3 ~~Any adjustments made pursuant to this subsection shall be~~
4 ~~made for the first fiscal year of the assumption of the cost.~~
5 ~~Such adjustment shall remain in effect for each subsequent~~
6 ~~fiscal year.~~

7 2. The Secretary of State shall submit this proposition to the voters
8 at the next general election as provided by article XXI, Constitution of
9 Arizona.